

Terms of Delivery and Payment (revised January 2010)

I. Scope of application, conclusion of contract

1. Orders shall be executed solely on the basis of the following terms. Any deviations shall require written confirmation. This shall also apply to the annulment of the written form requirement.
2. These terms apply for business conducted with the following companies:
 - Prinovis Ltd. & Co. KG
 - Prinovis Ahrensburg GmbH
 - Prinovis Ahrensburg Weiterverarbeitung und Logistik GmbH
 - Prinovis Dresden GmbH
 - Prinovis Itzehoe GmbH
 - Prinovis Itzehoe Weiterverarbeitung und Logistik GmbH
 - Prinovis Itzehoe Service GmbH
 - Prinovis Nürnberg GmbH
 - Prinovis Klebebindung GmbH
 - mbs Nürnberg GmbH
 - PRINoTec GmbH
 - Prinovis Liverpool Ltd.

II. Prices

1. The prices cited in the Contractor's offer shall apply under the reserve that the underlying order data to the submitted offer remain unchanged, at the longest however for four months following receipt of the offer at the Client's location. In the case of orders including delivery to third parties, the person placing the order shall be considered as the Client, unless another agreement has expressly been reached. The Contractor's prices do not include VAT. The Contractor's prices shall apply ex works. They do not include packaging, freight, postal charges, insurance and other costs of dispatch.
2. Retroactive changes at the Client's instigation, including any machine shutdown caused by such changes shall be invoiced to the Client. Repetitions of print proofs requested by the Client due to minimal deviation from the master shall also be considered as retroactive changes.
3. Sketches, drafts, proof set, print proofs, galley proofs, change in delivered/transmitted data and similar preparatory work instigated by the Client shall be invoiced. The same shall apply to data transmissions (e.g. via ISDN, DSL).
4. For cancellations made at short notice (4 weeks before the agreed delivery date for the data), a handling fee of 10 % of the order value but at least EUR 3,000 or GBP 2,500 will be charged. The Client must accept delivery of any materials already procured.

III. Payment

1. All payments must be made within 14 days of date of invoice without deduction. Any cash discount agreement shall not apply to freight, postal charges, insurance or other costs of dispatch. The invoice shall be issued on the day of delivery, partial delivery or readiness to deliver (debt

collectable by the creditor, default in acceptance). Bills of exchange shall only be accepted according to special agreement and payable with no granting of cash discount. Interest and expenses shall be borne by the Client and paid immediately by the latter. The Contractor shall not be liable for the prompt presentation, protestation, notification and return of bills of exchange in the case of non-encashment, unless it or the vicarious agents thereof are guilty of deliberate intent or gross negligence.

2. In the case of extraordinary advance deliveries an appropriate advance payment may be requested. Extraordinary advance deliveries include in particular but not limited to: proofs, any editorial and/or reproduction work prior to the start of printing.
3. The Client may only offset or exercise a right of retention in the case of an uncontested or legally determined claim.
4. Should it become evident, after the contract has been concluded, that the fulfilment of the pecuniary claim may be jeopardized by the Client's inadequate ability to perform, the Contractor may request advance payment, retain still undelivered goods, or discontinue all further work. The Contractor shall also be entitled to these rights should the Client fall into arrears in the payment of deliveries, which are based on the same legal relationship. § 321 II of the German Civil Code (BGB) shall remain unaffected.
5. In the case of default in payment, interest on arrears in the amount of 8% above the base rate shall be payable. This shall not exclude the assertion of additional damages caused by default. Should the Client not pay the price including ancillary costs within 10 days of receipt of invoice and delivery of the goods pursuant to Clause II. (Prices), it shall be considered to be in arrears even without a reminder.

IV. Delivery

1. If the goods are to be dispatched, the risk shall transfer to the Client as soon as the consignment has been transferred to the person responsible for the transport.
2. Delivery dates shall only be valid when expressly confirmed by the Contractor in writing. Should a contract be concluded in writing in addition thereto, the confirmation of the delivery date shall also be required expressly in written form there.
3. Should the Contractor delay the performance, the Client may only exercise its rights according to § 323 of the German Civil Code (BGB) if the Contractor is responsible for the delay. Any change in the onus of proof is unconnected with this provision.
4. The Contractor is entitled to transfer the performance (rights and obligations) from the commissioning to affiliated companies with regard to §§ 15 ff. AktG within the Prinovis Group according to the list at Clause I. 2. For the Client no unreasonable disadvantages may result from the transfer in such a case.
5. Operational interruptions – both at the Contractor's operation and that of one of its Suppliers – such as e.g. strike, lockout, as well as all other cases of Act of God shall only justify a termination of the contract if the Client cannot be reasonably expected to wait any longer, alternatively the agreed delivery period shall be extended by the duration of the delay. A termination shall, however, only be possible at the earliest four weeks after the occurrence of the above-described

operational interruption. Any liability on the part of the Contractor shall be excluded in such cases.

6. Pursuant to § 369 of the German Commercial Code (HGB), the Contractor shall have a right of retention to any print and stamp masters, manuscripts, raw materials and other objects delivered by the Client until such time as all due claims from the business association have been completely satisfied.
7. Within the scope of the duties incumbent upon itself due to the packaging ordinance, the Contractor shall accept returned packaging. The Client may return packaging to the Contractor's operation during the usual hours of business following prompt prior notification, unless he has been designated another acceptance/collection point. The packaging may also be returned to the Contractor at the time of delivery, unless the Client has been designated another acceptance/ collection point. Packaging shall only be taken back immediately after the goods have been delivered and, in the case of subsequent deliveries, only after prompt prior notification and provision. The costs of transportation of the used packaging shall be borne by the Client. Should a designated acceptance/collection point be further away than the Contractor's operation, the Client shall then bear only those costs of transportation, which would accrue for a distance to the Contractor's operation. The reaccepted packaging must be clean, free of foreign matter and sorted according to various packaging types. Otherwise, the Contractor shall be entitled to request any additional costs accrued for the disposal of said packaging from the Client.

V. Right of retention

1. The delivered goods shall remain the Contractor's property until all the latter's existing claims against the Client on the invoice date have been fully satisfied. The Client shall only be entitled to resale within the ordinary course of business. The Client hereby assigns its claims to resale through this to the Contractor and the Contractor hereby accepts the assignment. In the event of arrears at the latest, the Client shall be obligated to cite the assigned claim to the debtor. Should the value of the Contractor's existing securities exceed the latter's claim by a total of more than 20%, at the Client's request or that of a third party affected by the Contractor's over-security, the Contractor shall inasmuch be obligated to release the securities at the Contractor's discretion.
2. In the case of adaptation or processing of goods delivered and owned by the Contractor, the Contractor shall be considered as the manufacturer pursuant to § 950 of the German Civil Code (BGB) and shall retain ownership of the products at all times during the processing thereof. Should third parties be involved in the adaptation or processing, the Contractor shall be restricted to a co-ownership share in the amount of the invoice value of the conditional goods. The ownership acquired in this way shall be considered to be conditional ownership.

VI. Complaints, warranty

1. The Client shall in any case immediately inspect the goods, as well as the preliminary and intermediate products sent for correction, for compliance with the contractual terms. The risk of any defects shall transfer to the Client with the declaration that they are ready for press/production, unless the defects are such that first occurred or became recognisable during the production process following the declaration that they were ready for press/production. The same shall apply to all other release statements made by the Client.

2. Obvious defects shall be reported in writing within a time period of one week of receipt of the goods, concealed defects within a time period of one week of discovery, otherwise the assertion of the warranty claim shall be excluded. § 377 of the German Commercial Code (HGB) applies accordingly.
3. In the case of justified objections the Contractor shall be obligated and entitled, initially at its discretion, to subsequent improvement and/or replacement delivery. Should the Contractor not fulfil this obligation within a reasonable period of time or should the subsequent improvement fail despite various attempts, the Client may request a reduction in the remuneration (impairment) or cancellation of the contract (withdrawal).
4. The absence of part of the delivered goods shall not justify an objection to the entire delivery, unless the partial delivery is of no interest to the Client.
5. In the case of coloured reproductions in any of the manufacturing processes, no objections may be raised to minimal deviations to the originals. The same shall apply to the comparison between other masters (e.g. digital proofs, press proofs) and the end product. Moreover, the liability for defects, which do not affect the value or the usability, or affect it only minimally, shall be excluded.
6. The Contractor shall only be liable for deviations in the composition of the materials used up to the amount of the order value.
7. Deliveries (including data carriers, transmitted data) made by the Client or a third party engaged by it shall not be subject to any inspection obligation on the part of the Contractor. This shall not apply to obviously unprocessable or unreadable data. In the case of data transmissions the Client shall always be obligated to run state-of-the-art computer anti-virus programs prior to transmission. Data security shall be incumbent upon the Client. The Contractor shall be authorised to make one copy.
8. No objection may be raised to over-deliveries or under-deliveries of up to 5% of the print run ordered. However, only the delivered amount shall be invoiced.

VII. Liability

1. Claims for damages and expenses on the part of the Client, for whatsoever legal reason, shall be excluded.
2. This exclusion of liability shall not apply:
 - in the case of damages caused by deliberate intent or gross negligence;
 - in the case of slight infringement of essential contractual obligations, including that caused by the Contractor's statutory representatives or vicarious agents, insofar it shall only be liable for foreseeable, contractually typical, direct average damages for that type of product;
 - In the event of culpable injury to the Client's life, body or health;
 - in the case of fraudulently concealed defects and assumed guarantee for the composition of the goods;
 - in the case of claims arising according to the product liability law.

VIII. Period of limitation

With the exception of those claims for damages cited at Clause VII. 2., the Client's claims to warranty and damages (Clauses VI. and VII.) shall be subject to a period of limitation of one year beginning with the delivery of the goods. This shall not apply inasmuch as the Contractor has acted fraudulently.

IX. Commercial custom

In commercial transactions the commercial customs of the print industry shall apply (e.g. no obligation to surrender intermediate products such as data, lithos or printing plates, which are created to manufacture the end product due), unless a deviating order has been placed.

X. Archiving

The Contractor shall only archive any products to which the Client is entitled, including in particular data and data carriers, beyond the time the end product is transferred to the Client or the vicarious agents thereof according to express agreement and in return for special remuneration. If the previously described objects are to be insured, in the case of an absent agreement, the Client shall procure said insurance itself.

XI. Periodical tasks

Contracts concerning regular, reoccurring tasks may be terminated with a notice period of at least 3 months to the end of the month. Where a deviating notice period is agreed in writing in individual contracts, this period shall take precedence over the aforementioned one.

XII. Industrial property rights/copyright

The Client shall be solely liable should the rights of thirds parties, and in particular copyrights, be infringed due to the execution of its order. The Client shall indemnify the Contractor against all claims of third parties due to such an infringement of rights.

XIII. Place of fulfilment, place of jurisdiction, effectiveness

1. Place of fulfilment and place of jurisdiction for all conflicts arising from this contract, to include check, bill of exchange and document proceedings, shall be the Contractor's principle place of business, should the Client be a merchant, legal person under public law or public special assets, or have no general domestic place of jurisdiction. The contractual relationship shall be subject solely to German law. International private law, in particular, the UN Convention on Contracts for the International Sale of Goods (CISG) shall be excluded.
2. Any ineffectiveness of one or more of the provisions shall not affect the effectiveness of the remaining provisions in accordance with § 306 of the German Civil Code (BGB).

XIV. Additional Clauses for mbs Nürnberg GmbH

1. *Intellectual Property Rights, Copyright*

Pictures, artwork and other products made for the Client may be used and published by the Contractor free of charge for its own advertising purposes. All other rights of use shall pass to the Client on full payment of the invoice.

2. *Collecting Items Provided*

- a. After rendering its services, the Contractor shall notify the Client that the items supplied for production purposes may be collected. The Client shall collect the items within 21 calendar days of receiving such notification.
- b. Otherwise the Client shall be charged storage costs of EUR 5 per week for each Euro-pallet / space. If the items are not collected within 6 weeks of the Client being notified, the Contractor shall dispose of the items at the Client's expense.

3. *Release of Picture Data, Holdback*

The picture data and corrections sent by the Contractor must be released by the Client within 60 minutes of being sent electronically. In the event of non-compliance, EUR 250 shall be charged for each further hour of holdback.